At an Oversight and Government Reform Committee hearing Thursday, Rep. Peter Welch (D-Vt.) called for closing a loophole that allows some oil companies to drill on public lands for free. Doing so would save taxpayers up to $53 billion.

The loophole results from an ambiguously-worded, 16-year-old law which exempts oil companies that acquired drilling leases in the Gulf of Mexico between 1996 and 2000 from paying royalties to the US government. Although widely considered a drafting mistake, the law remains on the books and has the potential to cost taxpayers $53 billion over the next 25 years if left unfixed, according to the Government Accountability Office (GAO).

"The original intent of this law was to reduce our reliance on foreign oil. Unfortunately that didn't work. Our reliance has only grown and now we find ourselves subsidizing oil companies to sell us four-dollar-a-gallon gasoline," Welch said. "This is about asking the oil companies to pay their fair share at a time when Americans are being asked to pay more than theirs. A $53 billion mistake was made. It's about time to fix it."

At Thursday's hearing, which was focused on a GAO report identifying ways to eliminate waste, Welch questioned US Comptroller General Gene Dodaro about the loophole and its effect on taxpayers.

Last year, Welch worked with Rep. Edward Markey (D-Mass.) to include a fix to this loophole in the CLEAR Act (H.R. 3534). The legislation passed the House but never came to a vote in the Senate. Welch and Markey most recently worked to amend the Full-Year Continuing Appropriations Act of 2011 (H.R. 1) in order to include the fix.